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## NATIONAL POLICY AND ISSUES

### BASIC TASKS OF ECONOMIC READJUSTMENT IN 1981 LISTED

Hong Kong CHING-CHI TAO-PAO [ECONOMIC REPORTER] No 6, Jan 81 pp 7, 8

[Article by Zhong Ping [0112 0627]: "Basic Tasks of China's Economic Readjustment in 1981"]

[Text] What are the basic tasks of China's economic readjustment in 1981?

First, accelerating the development of agriculture remains the primary tasks of China's economic readjustment. Agriculture is of vital importance to the nation's economy and the people's livelihood. Last year, our country was hit by natural disasters of waterlogging in the south and drought in the north, and grain output dropped by 20-30 billion jin although it still topped the 1978 level. The total cotton output reached 51.4 million piculs, and unprecedeted bumper harvest. Forestry, animal husbandry, sideline production and industrial crops had good harvests.

Three kinds of work should be undertaken to develop and readjust agriculture: 1) Implementation of policies. This year, various economic policies will be implemented continuously in the rural districts and various forms of production responsibility system will be strengthened and perfected. At the moment, all rural districts throughout the country are seriously implementing the directive from the center to perfect the rural production responsibility system, eliminating the influence of the leftist line which was pushed in the learn-from-Dazhai movement, giving full play to the enthusiasm of the masses, promoting development of agricultural production and striving for an all-round rich harvest in agriculture this year. 2) Readjustment of the agricultural structure and of the distribution and production policies. Under the premise of insuring a steady increase in grain production, all rural districts should vigorously develop forestry, animal husbandry, sideline production and industrial crops, and promote a diversified economy. 3) Vigorous popularization of scientific farming, elevating our agricultural research to a new plane, combining specialized scientific research with popular scientific research, studying new farming methods, using new improved seeds, and training a group of agricultural research personnel.

Second, greater development of light industry (light industry, textile industry and civil electric appliances industry) must be insured. The total value of China's light industry production increased by 17.4 percent compared with 1979, and the proportion of light industry in the total value of industrial output was up from 43.1 percent in 1979 to 46.7 percent last year. The rate of industrial growth this year will depend mainly on the way light industry is developed. Light industry will be developed this year not by expanding capital construction to increase the production capacity but mainly by tapping the existing potential. As far as most light industry products are concerned, the problem now is not one of insufficient production capacity but of raw materials, energy sources, quality and variety. This year, we

should: 1) Help various enterprises to solve the above problems through planned guidance and coordination. As regards production of light industry durable products, we should promote the organization of transdepartmental and transregional specialized, combined production in technically advanced centers and expand production of good-quality products of famous brands. 2) With regard to other branches of light industry that use agricultural products and by products as raw materials, the principle of selection should be seriously implemented. 3) As to raw materials and power, the development of production in major cities like Shanghai, Tianjin and Beijing should be insured, and other areas should not be allowed to retain raw materials regardless of the overall interests and set up factories which result in making light industry factories operate under capacity in these major cities. 4) The steel and chemical industries should provide more raw materials and processed materials for light industry production, and the production capacity of the machine industry and defense industry should be shifted to light industry and market service as quickly as possible. These industries should provide equipment for the technical transformation of light industry. At the same time, they should directly produce light industry products and durable consumer goods to meet market needs. 5) The People's Bank of China should grant 1 billion yuan in loans to aid the development of light industry. In short, everything conceivable should be done to develop light industry this year so that it may play an important part in stimulating the market, improving people's livelihood and increasing revenue for the state.

Third, the capital construction front must be resolutely reduced. This question is the key to success in this year's readjustment. Capital construction was cut, achieving some initial results last year; more than 290 projects were halted or deferred. However, capital construction projects now underway are still excessive. The total amount of capital construction investments both inside and outside the state budget is fixed at 50 billion yuan. Thus, capital construction projects are still far beyond the financial and material resources of the state.

Excessive capital construction is bound to cause shortages in the means of production and hidden price increases. For this reason, to insure success in readjustment this year, the scale of capital construction must be greatly reduced first of all. Capital construction should be cut down sufficiently. Capital construction projects, particularly large projects including introduction of complete sets of plant equipment, must be cut unhesitatingly, otherwise the consequences will be unthinkable. The only thing to do is to cut down the scale of capital construction in conformity with the financial and material resources of the state and cut the accumulation rate to the extent of balancing revenue and expenditure, balancing credit income and expenses and balancing the goods supply so that steady progress can be realistically made on this basis.

On the whole, our present production problem is not one of insufficient production capacity. The serious problems are those found in the spheres of product structure, production technique, product quality, variety and specifications. We should study and resolve these problems instead of continuing large-scale capital construction regardless of the practical possibilities of financial and materials resources. For the present, we should organize forces to clear up the projects now being built, including projects financed by the state, projects funded by localities, and projects of tapping the latent power and carrying out technical transformation. Where it is found that raw and processed materials and fuel are not assured, that technology and techniques are not up to standard, that geological resources are not reliable,

that "three waste" pollution assumes serious proportions or that products have no market and a state subsidy is needed to cover losses, these capital construction projects must be resolutely halted or deferred, along with those projects that are being built indiscriminately and redundantly.

Nonproductive projects such as office buildings, assembly halls, hotels and guest houses should be halted or deferred, but construction of housing for people should be insured.

Simultaneous with contraction of the capital construction front, some of the existing enterprises should be closed down, suspended, merged or changed. Those enterprises in which the products are of poor quality, have higher costs, consume more resources and find no market and those enterprises which compete with larger and more advanced enterprises for raw materials and power should be closed down and suspended or merged and changed, according to the circumstances in each case. Those enterprises which produce goods urgently needed on the market but which are losing money for the time being should be helped to improve their administration and management and to make up deficits and increase surpluses as quickly as possible. Regarding the enterprises closed down and "discontinued," we should carry out good ideological-political and organizational work, help their staff and workers settle down, and take good care of factory premises and equipment. In general, the staff and workers of the "discontinued" enterprises should receive basic wages and may not be given long leave of absence to go home. Some of them should be organized to study and raise their technical level. Some of them may go into investigation and research and, on the basis of market needs, design products that meet the needs. In particular, scientific and technical personnel should be organized to concentrate their efforts to overcome technical barriers and to upgrade and renew products. Another part of the staff and workers should be transferred to service trades and commercial enterprises or assigned to other types of work.

Fourth, the directions of capital construction investments must be readjusted and changed. This year, the center, localities, and enterprises should put their capital investments into the energy industry, construction materials industry and communications and transport, which are the weak links, and into nonproductive construction projects such as housing construction, urban construction, cultural, educational and health facilities. At the same time, the capital construction projects financed by the center, localities and enterprises should introduce division of labor. For example, projects such as large ore-smelting plants, oilfields, electric power stations, trunk railway lines and important harbors involving huge investments and long construction time should be financed mainly by the center and built in conjunction with localities. Construction of projects in the sphere of agriculture, light industry, urban public utilities, environmental protection, commercial service, culture, education and public health should be financed mainly by localities or jointly by several local departments and central departments. Construction funds for departments, enterprises and institutions should be used mainly for the purpose of building dormitories for staff and workers and increasing the variety of products. The production capacity of China's processing industry has some surplus at present. In principle, no local capital construction funds will be used in the coming years to develop the processing industry. Some funds should be concentrated on solving the problem of living quarters for staff and workers systematically and according to plan. Differentiating the investment directions for the center, localities and enterprises will help to redress the unbalanced development of various branches of the national economy.

Fifth, restructuring of the system of economic administration must be continued and effectively understood. Restructuring of our economic system achieved great success last year. For example, the number of enterprises with expanded power of self-management increased to more than 6,000 of which some 190 began experimenting to substitute tax payment for profit delivery, practicing independent accounting and assuming responsibility for their own profits and losses. The operation of these enterprises has been stimulated, their production has been developed, the lines of demarcation between different branches of industry and between regions have been broken down, diverse forms of united enterprises have been organized, competition has started between different trades, and a favorable situation has arisen. Under the guidance of state plans, the combination of planned regulation with market regulation has stimulated the market. Restructuring of the foreign trade system has also begun, with foreign trade power expanded for localities and regions and with the enthusiasm of localities and enterprises aroused for expanding foreign trade. Various forms of restructuring such as those mentioned are playing a great part in developing our national economy. Under the premise of successful readjustment, we should proceed with the restructuring of the system of economic administration more steadily and firmly this year, so that it will go a step further and promote readjustment of the national economy. For example, many enterprises, particularly the mechanical processing industry, are producing under capacity this year. In this situation, processing of imported materials can be organized through market regulation to turn out salable and urgently needed products. This will stimulate production and promote development of production.

9780

CSO: 4006

## FINANCE AND BANKING

### ECONOMIC READJUSTMENT, REFORM OF BANKING SYSTEM DISCUSSED

Beijing ZHONGGUO JINRONG [CHINA'S FINANCE] in Chinese Nos 11-12, Nov 80 pp 3-4

[Article by ZHONGGUO JINRONG commentator: "Economic Readjustment and Reform of the Banking System"]

[Text] Since the commentary "Actively and Steadily Reform the Banking System," published in the last issue, did not fully express my views, I would like here to say something about the relationship between economic readjustment and banking restructuring.

Practice since the Third Plenary Session of the 11th Party Central Committee has proved that the national economic policy formulated by the Party Central Committee is entirely correct. The entire national economy is continuing to improve during the readjustment; industrial production is picking up speed; commodity supply is on the increase and the market is flourishing. Yet the imbalance in general has not been basically changed. Agricultural output has been reduced because of natural disasters, and there are large financial deficits because of excessive issuance of currency. Therefore, a rational readjustment is the key to the change of our economic work from a passive to an active position as well as a requisite for further reform. For some time to come, the guiding thought and core of economic work is to make a further readjustment and to continue the preservation of economic stability. The work of banking should be carried out around this central issue.

Then, does it mean that we need only readjustment but not restructuring? The answer is no. Practice has proved that reform of the banking system is effective only because of its correct orientation. In addition to enlivening the economy, it has also helped promote the economic readjustment. By expanding the scope of loans, for example, we did something--which was temporarily beyond the state's financial capacity but urgently needed in economic life and the people's livelihood--in activating what had been inert and solving the problems of disproportion and overdue obligations. We particularly insisted on the need to reduce investments and to produce quick results and high benefits and to support light industry, agriculture and sideline occupations, and played an active role in adjusting the proportionate relationship among agriculture, light industry and heavy industry, in stabilizing the market and in the withdrawal of currency. Again, with the economic means at its disposal and acting in accordance with the policy of supporting the deserving ones and treating each case on its merits, the banks have strengthened the work of supplying economic information and encouraging the various departments and enterprises to supply to the market's need,

to readjust their production pattern in good time, to minimize their stock-piling, to increase their income and to reduce their expenditures. All this has given a strong impetus to economic readjustment. From this, we can see that the reform of the banking system and the economic readjustment are interrelated and mutually supplementary.

Of course, unless the problem of serious imbalance is solved, there cannot be an all-round reform of the banking system. As we all know, the expansion of decision-making power for the enterprises and the recognition of the independence duly enjoyed by the enterprises are the basis for restructuring the entire economic as well as banking systems. When there is irregular production and slow turnovers of materials and funds because of a various imbalance in the national economy, the bank will not be able to give full play to its economic means. At the same time, because of the instability of the entire national economy, particularly when there are fairly large financial deficits, the banks should, on the one hand, help avert a financial crisis and, on the other hand, tighten their credit control and restrict their issuance of currency. Otherwise, an all-round restructuring will be out of the question.

How should the reform of the banking system be coordinated with the economic readjustment? We must resolutely take readjustment as the key link and carry out restructuring in the course of readjustment. At present, we have to proceed from the necessity of economic readjustment and then study the measures of restructuring as a transitional means. In this way, our job of restructuring will be closely linked up with the present central task in order that the restructuring can proceed more steadily and the measures taken for this purpose will be more practical. The general requirement of all transitional measures is, from the microeconomic point of view, for the enterprises to be more active in further enlivening the economy. From the macroeconomic point of view, however, there should be state intervention and more active guidance in planning from the state in dealing with important issues concerning the overall situation. Only thus can the healthy development of restructuring be ensured.

In order that the role of banks can be given full play in economic readjustment, and practical policy measures can be worked out, all banks should conduct realistic investigations and study in order to ascertain the economic conditions and the problems that may crop up in the course of readjustment.

In a further readjustment of the national economy and stabilization of economy, we should, as our central task, further reduce the scale of capital construction front. At present, it is particularly necessary for measures to be taken in solving such problems as duplicated construction, or projects rashly started, and the competition of small units with large ones for raw materials and fuel. The banks should cooperate with the departments in charge in readjusting the scope of capital construction by withholding their support for the continued production of goods which are already in excessive supply, and by stopping such construction projects as would compete with the existing enterprises for raw material, fuel or power. The banks should try to make use of the funds of the localities and enterprises in solving the problem of economic imbalance. First, they should support the localities in technical transformation with energy conservation as the key link. They must ensure industrial growth at a certain speed in the next several years on the understanding that such growth should be

based on energy conservation. Secondly, they must support the localities in gradually solving the outstanding problem of people's livelihood, particularly the problems of housing and daily necessities, in order that the people's material and cultural life can be improved.

The bank's support for increased production in the light industry is an important aspect in the promotion of economic readjustment. In 1981, the state will have to reduce the production target for steel, and the fuel, power and transportation facilities thus saved will be diverted to the light industry. In addition to agricultural raw materials, light industry should also enjoy high priority in the supply of steel materials, timbers, and chemical industrial and other raw materials. Particular consideration should be given to light industrial and textile production in those cities where these industries are concentrated. In light and textile industries, the turnover of funds is faster, the profits are greater, and more job opportunities are available. Therefore, they should be supported. Yet we must avoid any rash action in the expansion of productive capacity without planning and regardless of the existing conditions. We must follow the changes of market demands, improve our precision processing, insure the good quality of products and produce more high- and medium-grade products for both the home and the foreign market.

While encouraging energy conservation and light industrial development, we should also promote the readjustment of industrial production and reorganize the industrial enterprises. Enterprises which produce unwanted goods of inferior quality, consume excessive raw material and operate at big losses, should be closed, suspended, merged with others, or converted to produce other goods. This is an important means of saving energy, reducing losses and improving the economic results as well as an important aspect of economic readjustment. The banks should work out specific policies and adopt various economic means to help the departments concerned in industrial reorganization.

We must strive for a good agricultural harvest and an all-round development of the diversified economy of 1981 as an important aspect of the economic readjustment and an important condition for its success. In 1980, the natural disasters for agriculture will inevitably produce unfavorable effects on the economy. Therefore, agricultural improvement in 1981 will have an important bearing on the overall situation and become an important task for the banks and credit cooperatives. We must adopt suitable financial policies and measures to help the departments concerned in strengthening and perfecting the system of responsibility in agricultural production; in gradually readjusting the crop pattern as a means of promoting the all-round development of agriculture, forestry, animal husbandry and fishery; and in supporting the communes and production brigades by giving play to their strong points in developing commodity economy and increasing the sources of revenue with measures suitable for their local conditions. At the same time, flexible and variegated forms of action should be taken to bring the strong points of credit cooperatives into play and to organize the scattered funds in the countryside to be used for the modernization drive.

The result of economic stabilization is mainly two-fold: First, the control, reeducation and finally elimination of financial deficits; and second, the basic stability of commodity prices. The main way to achieve this result is to reduce the scale of capital construction, to accelerate agricultural and light industrial growth, to practice strict energy conservation, to reorganize industrial enterprises, and to increase revenue and curtail expenses. The banks should achieve a credit balance and strictly control the issuance of currency.

Because of financial difficulties in 1981, there will be no more allocation of circulating funds, and bank loans will be mainly relied on. The banks should expand the scope of loans to enliven the economy and promote the readjustment. However, if currency issuance has to be controlled even though there are not enough funds for loans, a serious contradiction will develop. The correct way to resolve this contradiction is to tap potentials. First, the economic result of loans should be improved, so that they can be used to better advantage, have a faster turnover and yield greater benefits. It is particularly important for us to study the use of measures for curtailing the use of circulating funds, reducing the amount of stagnant funds in the countryside, and recovering more loans in order to increase the sources of funds. Secondly, savings deposits should be encouraged. At present, a lot of funds are in the hands of enterprises, communes, production brigades and private individuals, and these scattered funds should be pooled in the banks and credit cooperatives through various flexible channels to be used in production and construction. This will also reduce the pressure on the market. Thirdly, the issuance of currency should be controlled and the withdrawal of currency should proceed in an organized manner. We should particularly help the commercial and foreign trade departments in their procurement work and at the same time channel more goods from the warehouses to the market so as to increase the amount of commodities and to help in the withdrawal of currency.

We should study the way of restructuring based on the requirements of economic readjustment. We should also study and formulate plans for an all-round restructuring and the measures to be taken in the next 2 or 3 years. While looking far ahead, we should tackle the immediate problems first in order that every measure and every step taken will be beneficial to the economic readjustment and the development of production. This will make the economy more lively. Readjustment will have a long way to go. We must find the correct steps, forms and methods for its accomplishment. In forging ahead with our eyes and ears wide open, we must note the new situation and be prepared to solve new problems. We can never afford to go backward.

9411

CSO: 4006

## FINANCE AND BANKING

### PROBLEMS OF DECISIONMAKING POWER FOR BANKS DISCUSSED

Beijing ZHONGGUO JINRONG [CHINA'S FINANCE] in Chinese Nos 11-12, Nov 80 pp 22-23

[Article by Chen Haowu (7115 3185 2976): "Some Problems About the Decision-making Power of Banks"]

[Text] The exercise of the decisionmaking power is a prerequisite for bringing the bank's role into full play. What are the factors interfering with the bank's decisionmaking power now? Recently, the author visited some responsible comrade concerning this question. According to their concensus, the problems are as follows:

1. Administrative intervention. This intervention mainly takes three forms. First, direct requests in the form of signed slips from the party committee for the grant of loans. For example, a thermo-power plant in Hubei originally planned for the installation of a generating assembly, and ordered a large boiler from the Wuhan Boiler Plant. However, when a leading comrade of the province proposed that two generating assemblies be installed simultaneously, the Boiler Plant had to arrange for the manufacturing of another boiler and needed an additional loan of 2 million yuan from the bank for the purchase of additional raw and semi-finished materials. When the two boilers were delivered, the thermo-power plant could not pay for the second one, because its installation had not been included in their plan. Thus the boiler plant had to delay the redemption of the loan for a full year.

Another problem is that the bank is forced to grant loans because the party committee has decided on some construction project. Let us cite Hubei's textile trade as an example. The spinning capacity here is now more than enough for the available raw cotton, even with the addition of chemical fibers as raw materials. However, because of the party committee's insistence on bringing Hubei's strong points in cotton production into play, many localities are very keen on setting up their own small cotton textile mills. From the economic point of view, this is far less profitable than the supply of fine quality cotton to Shanghai and Qingdao. But the problem was that since it was a party committee decision, the bank could only grant the loans as required for equipment and circulating funds.

Still another problem is that economic management is being carried out with administrative methods. It is difficult to get anything done because of bureaucracy and the many levels of authorities involved. There is in Wuhan a food plant whose candy workshop is producing candies made of sorghum syrup, and these candies are

selling well in the market. Yet because of the crude conditions of production which makes it necessary for 36 workers to be squeezed into a lane only 3 meters wide, the scale of production cannot possibly be expanded. At the beginning of 1981, the People's Bank granted this plant a loan of 150,000 yuan. However, since this matter involves the jurisdiction of the bureaus in charge of finance, taxation and city construction, the planning committee and the company concerned, nearly 5 months had to elapse after the issue of the loan before the construction could begin. The enterprise has to obtain 60 official stamps on the permit and already consumed more than 20 cartons of cigarettes.

2. The dependence of banking on planning. In the past, planning was one of the important principles guiding the extention of loans. Banking was thus reduced to the position of absolute dependence on planning. Because of the frequent dislocation between planning on the one hand and production and sale on the other, there has always been the abnormal situation of production, writing off over-stocked goods, and continued borrowing from the banks going on at the same time. The Wuhan Motor Vehicle Plant planned to produce 5,500 vehicles of Model 130 in 1980. Out of this number, 1,000 were for the central level; 1,700 for the provincial level; 1,800 for the municipal level, and 1,000 for the bureau level. Because of the lack of competitive power, only 14 of them were sold at the nationwide machinery and power equipment trade fair, while more than 700 of them had to remain in the warehouses of the plant and the material bureau, thus tying up some 10 million yuan. The amount of loans from the bank was 5. million yuan in the early year, but increased to 8.93 million yuan by the end of July and 9.35 million yuan by the last 10 days of September in a vertical rise. According to the principle of supporting the deserving ones and protecting competition, the bank should not have given them any more loan. However, vehicle production has a very extensive field of cooperation, and once the vehicle plant suspends its operation, there would be a chain reaction among the cooperating enterprises. So the only way was for the enterprise to continue its production, for the material department to continue its procurement, and for the bank to continue the grant of loans. Then how can there be any decision-making power for the banks to speak of?

3. Restrictions from the financial system. First, there are too many things under the exclusive control of the financial department, and such control necessarily restricts the role of banks. In the past, the bank's hands were tied because it was only allowed to extend loans to meet requirement above the quotas of circulating funds. This restriction was lifted in recent years, and the People's Bank can now extend short-term loans for equipment, but the proportion of such loans is still too small.

Secondly, whenever government money is tight, the allocation of circulating funds will be reduced, and the gap left can only be filled with bank loans.

Thirdly, the financial system of "preparing meals in separate kitchens," though playing a positive role, has usually encouraged the building of duplicated factories or the undertaking of aimless projects. All these activities have made it necessary for the banks to extend loans. The building of small cotton textile mills mentioned above is a case in point.

Fourthly, the need for handing funds over to the state has frequently compelled the banks to extend loans. By the year-end, when an enterprise has fulfilled its production plan, the commercial and material departments have to procure them no matter whether the products can be sold or not, and the banks are also required to extend loans. The enterprise will then retain its share of profits and pay bonus to the workers and staff members, and taxes to the state with money from the bank. Actually, the taxes paid and the profits handed over to the state are only a false indication of its financial revenue. This conceals contradictions and creates over-stocking.

4. Inefficient information service or communication breakdown. The efficiency and accuracy of information service is an important condition for the rational distribution of funds by banks. In 1979, the People's Bank's office in Wuhan Municipality strongly supported a certain enterprise of a municipal district in the successful trial production of tape recorders. Since the production of this item had not been included in the plan, the bank had to extend loans "in response to market demands" as they were called, to finance its serial production. This was originally an attempt on the part of the bank to free production from the restriction of planning, and the motive behind its action was an excellent one. However, because of its inaccurate understanding of the market conditions, these products became seriously over-stocked. By the end of July 1,078 sets were consigned to an electric appliance store, and only 683 sets were sold. However, 677 out of these 683 sets were actually in the hands of the wholesale dealers, and only one set was sold in Wuhan Municipality. The reason was that the quality was poor and, compared with similar products, the price was high.

5. The lack of a clearcut responsibility system. In exercising its decision-making power, the bank is subjected to both "horizontal" and "vertical" restrictions. This is a question of how its decision-making can be classified and how its responsibility can be clearly defined. Greater decision-making power for the basic level banks should be considered. Previously, in the extension of short-term equipment loans, the targets set by the higher levels were too high. In some cases, the basic level banks were not aware of the projects determined by the upper levels. In Wuhan, a certain Xinhua Silk Printing and Dyeing Plant's plan was to print and dye 10 million meters of silk fabrics in the current year. However, since the small textile mills in various localities had their own printing and dyeing equipment, not much raw material was left for the Xinhua Silk Printing and Dyeing Plant, and from January to September 1980, this plant printed and dyed 4.9 million meters, only 49 percent of the annual quota, and more than 50 percent of the required grey silk raw material was not available. Yet for the current year, the higher authorities have already arranged for another 1 million yuan to be spent for the expansion of its equipment and productive capacity. This dislocation between production, supply and marketing could only have been caused by the lack of study and investigations. The basic level banks have no power to make decisions. The only procedure was for "the higher authorities to work out the plan and the lower levels to provide the required funds."

If a bank wants to have decision-making power, it should also have its responsibility so that there will be a unity of power and responsibility. Generally speaking, the bank should be responsible for the economic results in the use of funds, and in certain respects, each cadre and worker should also have their

shares of power and responsibility. At present, the internal management of banks is still very unscientific. The system of responsibility is not clearly defined, and the evaluation of work is based only on the number of mistakes and accidents and the speed of work performance. In the settlement of accounts, for instance, what people look for is only the rate of errors, but there are no clearcut criteria to account for the huge amount of outstanding accounts, and no way to speed up the turnover of funds amounting to thousands or millions of yuan. Some responsible comrades in the banks know nothing about their profession and are contented to remain as laymen. Yet they have the power to examine and comment on the extension of loans, and are not held responsible for the bad debts and economic losses. There are many levels inside the banks. Their efficiency is low and it is hard to get anything done.... In this way, it would be difficult for the banks to exercise their power of decision-making effectively.

In the final analysis, therefore, the decision-making power of banks is a question of their position and functions. The party and the state have invested the banks with power in order that they can play their regulative role in the national economy and in accelerating economic reforms and the modernisation drive. This is a very heavy responsibility, and the banks should carefully investigate and solve these problems as required by this heavy responsibility.

6. The inadequate quality of the financial rank and file and cadres. To exercise their decision-making power, the banks must solve the problem of the number and quality of their cadres. Let us take the cadres in the credit department of the Wuchang Office of the Wuhan Municipal Branch as an example. In 1965, there were 70 credit workers in this department to handle the accounts of 736 industrial and commercial enterprises, of whom 225 had received bank credits totaling 11.64 million yuan. By June 1980, the number of accounts for the industrial and commercial enterprises was increased to 1,040, of which 366 had credit transactions with the bank, and the total balance of loans rose to 393.72 yuan. Yet there was an increase of only six persons in this credit department. From the numerical point of view, each person's workload has been greatly increased: from the qualitative point of view, the former method for the control of circulating funds was no longer appropriate. Furthermore, these credit personnel had to take care of the insurance, trusteeship and other related matters, all demanding high quality performance of duty. This calls for the strengthening of the ranks of bank cadres and a higher professional and theoretical level. However, the present rank of cadres is far from qualified. Among the 75 workers in the credit department of the Wuchang District Office, for example, there are only 28 university or intermediate technical school graduates, being only 37 percent of the entire personnel. Also 27, or 35 percent of the personnel, are young workers and staff members with no banking experience at all. The training of these comrades and bringing them up to the required standard is now an urgent task which requires strategic far-sightedness and effective measures; otherwise, the banks will not be able to take the responsibility commensurate with the decision-making power given them by the state.

FINANCE AND BANKING

BRIEFS

BANK LOANS--Beijing, 21 Mar (XINHUA)--Statistics show that in 1980 the People's Bank of China extended short- and intermediate-term loans totaling 3.56 billion yuan to old enterprises for more than 15,000 innovation projects. More than 5,600 projects were completed or partly completed and put to production in the same year, and the output value of these projects was 4.5 billion yuan in 1980. [OW220001 Beijing XINHUA Domestic Service in Chinese 0755 GMT 21 Mar 81]

ZHEJIANG FINANCIAL MEETING--The Zhejiang Provincial Financial Department recently held a province-wide financial work meeting in Hangzhou Municipality to combat the pernicious influence of "leftist" ideas and raise the enthusiasm of the workers in the field of finance in implementing the guideline laid down by the third plenary session of the 11th CCP Central Committee. The meeting called on cadres engaged in financial work to eradicate the pernicious influence of "leftist" ideas, do a good job in tax work, and firmly implement the principles for the readjustment of the national economy. [OW261150 Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 24 Mar 81]

CSO: 4006

**NATIONWIDE POWER GENERATION SETS NEW RECORD**

Beijing CONGREN RIBAO in Chinese 20 Jan 81 p 2

[Article by Chen Shangkui [7115 0006 1145] Ye Shizhong [5509 0013 1813]: "Nationwide Power Generation Sets Record"]

[Text] The nationwide power industry front has resolutely implemented the party's policy of readjusting the national economy. To counter the problems of inadequate power-generating capacity and imbalance within the industry, the front has laid a firm hold on the progress of construction and filled the gap. In 2 years, the power-generating capacity increased by more than 6 million kwt, the amount of energy increased by more than 40 billion kwh, and 8 million tons of raw coal were conserved. State profit plans were overfulfilled in successive years, and 10 billion yuan in profits were delivered to the state in 2 years. All technical and economic targets set new records. Planning of electricity consumption and conservation of electricity were strengthened, with the result that most areas changed the former bad situation, in which power was switched off from time to time, the quality of electric energy was poor, the cycle was too low, and voltage was unsteady. Recently, delegates to the national electric power work conference said with great confidence: The party's economic readjustment policy is the only correct policy for our nation's economic work; if we implement it in a down-to-earth manner, our nation's economy will be able to make steady and healthy progress.

Over the years, under the impact of leftist errors, the nation's electric power industry long found itself in a situation in which electric power was in short supply, particularly during the period of the "Great Cultural Revolution," when the industry suffered heavy damage and was unable to meet economic development needs. With a view to changing this state of affairs as soon as possible, electric power industry departments did everything in their power to bring the abundant hydroelectric resources into play over the past 2 years, and vigorously solved the problems of power transmission and transformation. Capital construction investments were arranged and were used to increase the proportions of hydroelectric power transmission and transformation projects. As a result, some power-plants and localities solved the problem of power transmission. Over the past 2 years the electric power industry front nationwide has brought a lot of equipment to perfection and filled the gap, with the result that the generating capacity of 4-million-kwt equipment has been restored. At the same time, work was started

on the changeover from burning oil to burning coal. Generating units with a capacity of 3 million kwt have been transformed so far, and consumption of fuel oil can be reduced by more than 4 million tons a year. With equipment transformed and management strengthened, the quality of power supply has improved and three network bureaus have been set up in central, northwest, and north China. Further, planning of site selection, survey and design work, scientific research and preparatory work for construction at the earlier stage of capital construction were strengthened, with the result that engineering quality markedly improved.

With capital construction investments sharply lower this year, although the absolute figures of investments in electric power industry are less than last year, the proportion of such investments to the total capital construction investments is up from 6.9 to 9.1 percent. Delegates to the conference took the view that this fact indicates how the state attaches importance to the electric power industry. They declared they will cherish the assets of the state, put limited funds to best use, and bring investment results into fuller play.

9780

CSO: 4006

MUNICIPAL ORGAN SHOULD BE SET UP TO DEAL WITH ENERGY WORK

Tianjin TIANJIN RIBAO in Chinese 27 Jan 81 p 3

[Article by Li Shanghai [2621 1472 3189]: "Several Relationships To Be Properly Handled in Energy Work"]

[Text] Energy is the material base of the nation's economic modernization. In a certain sense, whether the four modernizations can be smoothly achieved will depend on the state of energy sources. In the course of economic readjustment, it is imperative to grasp energy work and carefully solve the energy shortage problem.

Since the founding of the republic, energy production has shown a great increase in Tianjin Municipality, but the vast portion of the energy needed is still supplied by the state. Energy brought into the municipality accounted for 70.26 percent of total consumption in 1979. The utilization ratio of energy is very low in our municipality, which is technologically and technically backward. The growth coefficient of our municipal industries' consumption of energy was 1.03 from 1952 through 1979, while that of industrial consumption of energy in Shanghai was only 0.97. Compared with several major developed countries, Tianjin's consumption of energy in terms of U.S. \$10,000 output value was 200 to 300 percent higher. Along with the progress of economic construction, Tianjin's demand for energy will keep increasing, while the energy supplied by the state to this municipality will not show any great increase for some time to come. What do do? On the basis of the fundamental policy put forward by the central authorities--to give equal importance to opening up energy sources and conserving energy with emphasis on conservation at the present stage, and vigorously to carry out a technical transformation and restructuring centered on energy conservation--we consider it necessary to handle properly the following relationships in terms of guiding thought regarding work.

1. The relationship between production and energy conservation should be properly handled.

Our municipality has great potential to conserve energy, but energy conservation has just begun to draw the people's attention and has not produced much effect. One of the reasons is that some comrades have not correctly understood and handled the relationship between production and conservation of energy. Some regard production as an inflexible target which must be achieved, and regard energy

conservation as a flexible target which may or may not be achieved. Some take the view that the price of energy, particularly that of coal, is low, that consumption of energy generally accounts for only 2-4 percent of product cost, that conservation of energy does not yield much gain but needs great effort, and that it is more worthwhile to concentrate on production. There is another reason. Over the past 2 years, because of rail transportation problems, part of the coal allocated to other localities was unloaded in Tianjin, and the volume of coal actually shipped to Tianjin Municipality was greater than the planned volume of supply. This circumstance made some comrades unrealistically optimistic. The result was that some units did not place energy conservation on the order of the day, the waste of energy assumed startling proportions in some cases, and for a long time excessive consumption of energy could not be reduced.

Energy is always the base and vanguard of production development. Conservation of energy and development of production are not contradictory but are identical to each other. If we grasp production but not energy conservation and let a large volume of valuable energy be wasted, undoubtedly the energy gap will widen and production will lose the possibility for sustained development. For example, owing to a shortage of energy, approximately 20 to 30 percent of the industrial production capacity nationwide cannot be brought into play, thereby lowering output value by more than 70 billion yuan. Owing to a shortage of electric power last year, power was switched off 5,439 times and 23 million fewer kwh were transmitted, thereby lowering industrial output value by 90 to 120 million yuan.

## 2. The relationship between transformation of boilers and transformation of energy-consuming equipment should be properly handled in carrying out technical transformation aimed at conservation of energy.

In the past, when carrying out technical transformation aimed at energy conservation, we used to lay emphasis on increasing the changeover of energy--that is, transformation of boilers. This is a necessary thing to do. In this respect, there are still great potentialities and we should carry on with the practice. But considering the present conditions in our municipality, we should mainly raise the utilization ratio of energy for energy-consuming equipment in order to increase the utilization of energy. Not long ago, the departments concerned conducted a heat equilibrium test for 16 major enterprises in our municipality and found that the heat efficiency of boilers in these plants was above 50-70 percent, that the efficiency of energy-consuming equipment was 2-40 percent, that the comprehensive utilization ratio of energy was 48.84 percent at most in some cases, but generally 15-30 percent. In one enterprise, while the heat efficiency of boilers reached 66 percent, the efficiency of energy-consuming equipment was only 1.4 percent, which was too low. At the same time, it is understood that to increase heat efficiency further is, generally speaking, far more difficult than to transform energy-consuming equipment. For this reason, the focal point of technical transformation centered on conservation of energy should be laid on transformation of energy-consuming equipment and production technology for some time to come.

3. The relationship between new and traditional energy should be properly handled in opening up and utilizing energy sources.

Owing to a shortage of funds and to technical complexities, it is not possible to open up and utilize energy sources on a large scale in a brief space of time. For this reason, traditional energy will remain the keystone of exploitation and utilization for some time to come. But sources of traditional mineral energy are limited and will be exhausted someday sooner or later. In order to be prepared against any eventualities in achieving modernization, we should start early to look for and open up new sources of energy. In this connection our municipality has done some things, but compared with advanced countries and advanced units at home, we are far behind. For example, compared with other major and medium cities, our municipality is particularly favored by nature as far as geothermal heat is concerned. In our municipality, the area exceedingly high in heat is 700 square kilometers and the degree of heat is 8°C/100 meters. Within an area of 800 square kilometers in the suburbs, hot water storage reaches 19.2 billion cubic meters and its calorific value is approximately 260 million tons of standard coal. But for various reasons, in our municipality we have done little research on exploitation and utilization of geothermal heat. For further example, the experience of many areas proves that developing marsh gas is a solution to the problem of rural energy sources. But so far only 1,506 methane-generating pits have been built in the municipality, averaging only one for each brigade. Only a few people have begun research on utilization of solar energy. By and large, research on other new energy sources has not been done.

Considering the conditions of natural resources and the possible financial and material resources and manpower in our municipality, we do not think that for the present we should mainly grasp exploitation and research on geothermal heat, solar energy, and marsh gas. The first thing we should do is to organize specialized contingents to verify resources and work out plans for opening up and utilizing energy sources. The second thing to do is to solve various technical problems arising from exploitation and utilization and grasp popularization and utilization systematically according to plan.

4. As regards energy supply, the relationship between production and livelihood should be properly handled.

To make rational arrangements for the energy necessary for production and livelihood purposes and to supply fine-quality energy as far as possible in order to meet livelihood needs are important factors in decreasing urban pollution, improving the people's livelihood, and increasing the utilization ratio of energy. Tianjin is a city with gas resources, but only 31 percent of the residents use gas, retreating from sixth place to seventh place nationwide, and consumption by residents accounts for only 1.1 percent of the output of natural gas and 77.7 percent of liquefied gas output. Residents use coal for cooking and heating purposes. According to relevant data, the utilization ratio of heat energy [from coal when used this way] is only 15-18 percent; this could be increased to 50-60 percent if gas were used. On the other hand, when coal is used for industrial boilers, heat efficiency can reach 50-80 percent or more. At the present moment, the vast majority of residents in our municipality still use coal for living.

purposes, and the vast part of natural gas and a considerable part of liquefied gas are still used as industrial raw materials and fuels. This means a great waste of energy and should be reversed as quickly as possible. We should take practical measures to lower as far as possible the level of gas used for industrial purposes, so as to make more gas available to inhabitants for living purposes and to make more coal available for production purposes. To expand the sources of gas, we should appropriately adjust certain economic policies, increase investments appropriately, and, according to plan, sink some reserve natural gas wells and enthusiastically proceed with production of gas from coal.

At the same time, we should use industry to promote civil use and to put into effect a supply of heat by area, as well as a combined supply of heat and electricity. At the moment, small boilers and small coal stoves are used by factories and residents in all cases to generate heat for industrial and living purposes in our municipality, and the utilization ratio of energy is very low. As a large city with concentrated industries and residents, our municipality should learn from foreign countries and, with factories and enterprises as the center, set up area boiler rooms to supply heat to industries and residents. Or else, with powerplants as the center, we should generate electricity and then supply heat to factories and residents.

### 5. In conserving energy, the relationship between technical measures and management should be properly handled.

When conserving energy in the past, relatively speaking importance was attached to technical measures for conserving energy, and inadequate importance was given to the management of energy. This is a deviation in energy work. In fact, neither of the two--technical measures and management--should be overemphasized at the expense of the other. Besides, it frequently happens that with management strengthened, residential consumption can be greatly reduced at the cost of a small investment or with no investment at all. For example, the Tianjin Soap Factory adjusted the use of steam in various shops and overhauled and wrapped up leaking steampipes last year; these measures alone cut coal consumption conspicuously. In order to produce 10,000-yuan output value, 5.09 tons of coal had to be consumed in 1979; last year, consumption dropped to 3.15 tons, conserving 7,532 tons of coal during the year. This experience deserves great attention. Simultaneously with eliminating, renewing, or transforming "coal tigers," "oil tigers" and "electricity tigers," we must step up the work of energy management. For the present, we should fully adjust, in coordination with economic readjustment, the economic structure, administrative structure, and product structure which consumes energy irrationally. All units using energy should find out about the state of consumption and waste of energy, institute and improve a strict responsibility system, and gradually do away with the extravagant use of energy and "eating from the same pot." They should work out the necessary energy rules and regulations, sum up and popularize advanced experiences in energy utilization, and organize scientific research and training in energy technology.

The system of energy management in force in our municipality still needs to be improved if energy management is to be strengthened. At present, energy management is quite decentralized and there are many problems, but no specialized organization studies and tackles them. The cause of energy is the fundamental cause bearing on the lifeline of the national economy. A municipal unified organization with authority should be set up.

ENERGY

**GASOLINE WASTE BY MOTOR VEHICLES NEEDS URGENT REMEDY**

**Supply System Weakness**

Beijing RENMIN RIBAO in Chinese 13 Feb 81 p 1

[Article by Hui Yangmin [8396 7402 3046] and Li Songnian [2621 2646 1628], Communications Bureau, Xuchang Municipality, Henan Province: "Immediate Action Needs To Be Taken To Correct the Waste of Gas in Motor Vehicles"]

[Text] At present, petroleum in China is not only underutilized but also highly wasteful. The amount of gas wasted on irrational use of motor vehicles is substantial.

At the third conference of the Fifth National People's Congress, Vice Premier Yao Yilin pointed out in his discussion on energy conservation that load-carrying motor vehicles must be managed well. Ceng Zhuqin [2582 4376 2953] and three other representatives to the Fifth National People's Congress stated in their proposal, entitled "Reform the vehicle management system to conserve energy," that in Chinese society, motor vehicles are mainly distributed among government offices and enterprise and business units. The number far exceeds that of the vehicles in professional transportation branches (in Henan, the ratio is 6 to 1). Some industrial and business units pay attention only to convenience and ignore the economic aspects. Vehicles are often used to carry light loads over long distances, and the rate of empty one-way trips is high. Such practices constitute a serious waste of our national energy resources.

We believe that there are two reasons leading to the great number of motor vehicles in enterprise and business units: first, there is the conviction that it would be handy to have one's own vehicles; second, some railroad and highway transportation departments are highly bureaucratic. Utilizing the bureaucratic red tape involved in freight checkin, checkout and vehicle requests, some station operators take advantage of their customers by racketeering hot items, gifts, or meals. Moreover, cargoes are handled carelessly in loading and unloading and suffer severe damage. This situation has forced people to contrive to get their own vehicles. Under these circumstances, it is no wonder that transportation management departments encounter resistance in their efforts to improve the three unifications (unified source arrangement, unified transportation balance, and unified price management).

We must realize the seriousness of the waste of gasoline. Xuchang tobacco is transported to Shanghai by motor vehicles; Henan cigarettes are transported to Guangzhou

again by motor vehicles. If you look around in the Baoshan parking lot in Shanghai, you will see automobiles from all over China. Imagine the amount of gas they consume! It makes one wonder why long-distance domestic transportation is not done by rail.

Besides load-carrying trucks, the waste of gasoline by small motor vehicles is just as serious. The use of small sedans in recent years has been rather chaotic. It is not unusual for people, motivated by a desire to have a status symbol and to show off, to find excuses to drive tens, hundreds, or even thousands of kilometers for sightseeing pleasure. Railroad trains and highway buses are now commonplace in China. Why don't some people take the train or the bus on their business trips, instead of insisting on traveling by private automobile?

To conserve gasoline, we still have to take the route of reforming the supply system and change the old practice of supplying gasoline monthly according to the number and size of the cars. We suggest that the petroleum company coordinate closely with the gasoline supply departments in various provinces, prefectures, municipalities, and counties, as well as with the local traffic and vehicle management departments, and carry out a detailed investigation of the needs at each unit. Based on these needs, gasoline could then be supplied to each vehicle according to ton-kilometers. In other words, gas would be supplied only for those days when there are assignments.

#### Stricter Controls Needed

Beijing RENMIN RIBAO in Chinese 13 Feb 81 p 2

[Article by Yu Guangqian [0151 0342 0467]: "Stricter Controls Are Needed to Curb Gasoline Waste by Motor Vehicles"]

[Text] Current management methods are far from adequate in reducing gasoline consumption by motor vehicles. The Ministry of Commerce should no longer view gasoline as a general commercial product and, under the presumption of guaranteed fuel for production, reward low sales volume. Additional reforms should be made to achieve a reduction in gasoline consumption per kilometer by motor vehicles.

Motor vehicles are a mode of transportation consuming a great amount of our nation's petroleum. How to reduce gasoline consumption and waste by motor vehicles is a major topic in energy conservation. Commerce departments and units using motor vehicles have taken some measures to cut down gasoline consumption--for example, the practice of controlled supply of gas according to the availability of gas resources and the vehicle situation, and the reward system for gas-saving drivers that has been adopted by some units. Although these measures have achieved some gas-saving results, overall they are still far from adequate.

The level of gasoline consumption by motor vehicles and the extent of waste in China are alarmingly high, but the potential for gas conservation is also very great. In order to realize this potential, we must pinpoint the existing problems and solve them as soon as possible.

#### Resolve the Conflict Between Gas Sales and Gas Conservation

At present, the commerce departments treat sales of petroleum products in the same way as other general commercial products. Each month there is a quota for projected

sales and profits generated. By accomplishing the sales plan and reaching the set profit level, employees can receive their monthly bonuses. Failure to complete the assignment will affect the amount of profits that can be turned in and the employees' bonuses. This system is detrimental to the conservation of gasoline used by motor vehicles. As we understand it, the number of vehicles among civilian load-carrying vehicles that are normally idle due to major repairs and seasonal lack of freight is about 15-20 percent of the total number of vehicles. That is, there are about 20,000 vehicles not in use every day. According to the regulations, the license plates of these idle vehicles are turned in and the road maintenance fees are waived for them. One would expect that the gasoline supply for these vehicles would also stop. However, the oil companies supply gasoline to these unused vehicles on a regular monthly basis in order to meet their sales requirement. This is in contradiction to gas-saving efforts and leads to the consumption of large amounts of refined petroleum products. Assuming the average annual gasoline consumption of a truck to be 7 tons, then the extra supply of gas per year is a whopping 1.4 million tons.

This sales, profit, and reward system is detrimental to the national interest and should be discontinued. Responsible departments should readjust their profit targets, change their view of managing gasoline sales as a regular commercial product, and focus their bonus system on conservation instead of rewarding the accomplishment of targeted sales. That is to say, under the premise of a guaranteed supply of petroleum for production use, the lower the gasoline sales the better; the lower the sales, the more worthy of reward. After these changes are made, oil company workers will automatically stop the supply of gasoline to unused vehicles, and thereby a great amount of gas will be saved for our nation.

#### Strengthen Management of Existing Vehicles

Due to mismanagement, there is a widespread and serious waste of gasoline and transportation power in our nation's motor vehicles. According to statistics in recent years, gasoline consumption by motor vehicles is steadily increasing. The consumption of gasoline per hundred-vehicle-kilometer (i.e., gasoline consumed by one vehicle in 100 kilometers) is as high as 30 liters [7.9 MPG], in excess of factory specifications. Gasoline consumption in some vehicles is as high as 50 liters per 100 kilometers. Few vehicles in the world consume more gasoline than that. According to investigations made by provincial and municipal transportation departments, the empty-load rate of operating vehicles is at least 50 percent and can be as high as 70 percent. Based on this percentage, approximately half of the 1.2 million civilian trucks are running empty on the road. Assuming each truck is driven 100 kilometers per day and uses 20 liters of gas, then the waste over 1 year (take it to be 300 days) is 3.6 million tons, equivalent to the combined annual production of several large oil refineries. Naturally, the objective situation and the large variations in commodity sources are relatively complex. Especially when there is no coordination or overall organization among vehicles scattered over several hundred thousand offices and enterprise and business units, and when each unit operates its own vehicles independently, it is impossible to avoid empty trips completely. However, with better organization and a more sensible arrangement of the transportation force based on commodity concentration points, the empty-run rate can be greatly reduced and substantial amounts of oil can be saved for our nation.

#### Technical Modifications Should Be Made on Existing Vehicles

Due to the backward technology in design and manufacturing, the fuel consumption of existing Chinese vehicles is very high and the waste reaches alarming levels. It is difficult to make fundamental improvements in such inherent deficiencies, but it is still possible to make some minor technical modifications and reduce fuel consumption. Recently some departments have indeed undertaken some technically innovative measures in their fuel conservation efforts. For instance, devices such as the "triple throat," the "nine-hole plate," and the "pulp and sawdust filter" have been installed so that the additional filtering of gasoline can lead to more complete burning, improved thermal efficiency, and lower fuel consumption. To our understanding, these minor technical innovations can generally reduce fuel consumption by about 5 percent. If all vehicles adopt such measures, the annual saving of gasoline and diesel fuel will be around 350,000 tons. These innovative measures, however, are practiced by only a few departments; the great majority of units are not doing so. We suggest that the responsible leading departments consolidate their experiences in this area and promote the innovative modifications according to the actual situation in each region and department.

9698

CSO: 4006

SHANDONG POWER INDUSTRY STRESSES CONSERVATION

Jinan DAZHONG RIBAO in Chinese 29 Dec 80 p 1

[Article: "Shandong Electric Power Industry Gains All-Round Development of Production and Construction"]

[Text] The Shandong electric power industry has launched a production and economy drive in depth, laying emphasis on safety quality, increased generation of power, and conservation of energy. As a result, production and construction in the electric power industry have gained new development and improvement in the course of readjustment. By 24 December the amount of energy generated in the province had fulfilled this year's [1980] state plan ahead of schedule. Consumption of coal for generating electricity has been cut greatly. A total of 227,000 tons of coal and 82 million kWh of electricity have been conserved this year. The level of production safety has been raised, and accidents in power generation and transmission have decreased markedly. As for construction of the electric power industry, new generating equipment planned for this year, with a capacity of 256,000 kwt, has gone into operation ahead of schedule, and the power-transforming capacity built up is 50 percent greater than that of last year, which is a record.

Electric power is a weak link in the chain of national economic development. The shortage of electric power is attributable mainly to limitations of generating capacity, transmission capacity, and fuel supply. For this reason, the electric power industry departments carefully implemented the energy policy of giving equal importance to exploitation and conservation in the course of economic readjustment. Earlier this year, they cut six capital construction projects and put the investments saved into key projects, on the principle of acting according to capabilities. They strengthened organizational leadership over projects designed to improve the structure of the electric network, to raise the power-generating capacity, and to ensure safety. With the aim of ensuring quality, they did everything in their power to accelerate construction and display investment results at an early date. A second generating unit with a capacity of 125,000 kwt was to be installed at the Shiliquan powerplant on 8 December of last year [1979]. Thanks to the efforts exerted by the construction units, the project went into operation on 9 August, ahead of schedule. Some 230 million kWh of electricity were generated that year. The project played a conspicuous part in cutting coal consumption and made a profit of 5 million yuan.

This year, Shandong's electric power industry departments vigorously grasped the overhaul and transformation of existing equipment. A major overhaul has been completed for 27 generating units, each with 6,000 kwt capacity or more, for a total 1.25 million kwt. The results has been that the ratio of power-generating equipment in perfect condition has increased to 97 percent. Many units have strengthened the centralized, unified management of power-generating equipment, thereby creating conditions for displaying the superiority of the electric network and better serving all branches of industry. With the increase in the proportion of high-temperature, high-voltage generating units, coal consumption by the whole electric network was reduced by 6 grams (per kilowatt hour of generated power). This alone conserved about 100,000 tons of coal.

9780

CSO: 4006

## ENERGY

### SHANXI PRODUCED MORE, BETTER COAL IN 1980

Taiyuan SHANXI RIBAO in Chinese 20 Dec 80 p 1

[Article by Ji Zhongshi (0370 0022 2514): "Shanxi Coal Mines Fulfill Raw Coal Production Targets Ahead of Schedule"]

[Text] According to statistics compiled by the dispatch office of the provincial Coal Administration Bureau, Shanxi coal mines had produced 104 million tons of raw coal by 25 November, fulfilling the state target ahead of schedule. The coal mines have also fulfilled coal dressing and tunneling footage targets 30 and 56 days ahead of schedule, respectively.

All of the coal mines in Shanxi placed economic readjustment in the leading position this year and used their main energy to grasp the work of readjustment. Local coal mines carried out readjustment seriously and took positive measures to improve conditions for safety in production and to raise the level of production techniques. Altogether, 736 small coal mines were suspended and reorganized and 581 small coal mines which were not up to safety standards were shut down. As a result, production safety was markedly improved in local coal mines, and coal output was markedly stepped up. This year's target for raw coal output was overfulfilled 65 days ahead of schedule. The progress of reorganization was accelerated in the case of seven coal mines under the central distribution bureaus. The Xishan Mining Bureau tapped the latent power of coal mines and assigned 950 people to form new tunneling contingents. These tunneling contingents threw themselves into tunneling operations, with the result that mining and tunneling were greatly coordinated. The Datong Mining Bureau and the Yangquan Mining Bureau converted some coal mining teams to tunneling teams. This greatly accelerated the progress of tunneling operations. The Luan and Fenxi mining bureaus popularized new technologies and techniques--guangbaomaopen (0342 3615 6931 0899), scoop loading of rocks, laser direction, and passage forming at a stretch--which markedly increased tunneling efficiency. So far, coal mines under the central distribution bureaus have overfulfilled their targets for starting development and tunneling at a greater pace than their targets for raw coal production. The strained relationship between mining and tunneling in some mines has eased. Workers' welfare facilities have improved. Coal mines under central distribution bureaus have built living quarters with a total floorspace of 800,000 square meters for their workers.

Simultaneous with grasping readjustment, Shanxi coal mines strengthened their production technique management and strove for an increased rate of mechanized mining and balanced production so as to ensure fulfillment of the raw coal production targets

set by the state. The Luan Mining Bureau drew up production plans for ensuring co-ordination between production and need and between various units and the overall labor force. The coal mines achieved balanced production and overfulfilled state targets every month. The Jincheng Mining Bureau summed up the law of operation of metal units and popularized the use of ordinary units for extracting coal, thereby raising the rate of mechanized coal extraction by 66.94 percent and increasing the face unit output by 600 tons over the same period last year. The comprehensive face unit output reached 34,400 tons in the province--12,200 tons higher than in the same period last year. The average quality of the coal was up one grade.

9780

CSO: 4006

## SHANXI CONCENTRATES ON DEVELOPING COAL RESOURCES

Taiyuan SHANXI RIBAO in Chinese 29 Jan 81 p 1

[Article by Hu Zhongui [5170 1813 6311] and Gao Yinhuai [7559 5593 2849]: "Construction of Coal Bases Making Rapid Progress in Shanxi"]

[Text] Over the past year, our province vigorously adjusted the direction of capital investments, concentrated forces to open up coal resources, and built coal resource bases with new success. According to statistics compiled by the departments concerned, the coal mine production capacity being built in our province reached 28.17 million tons last year, an increase of more than 9 million tons over 1979. The progress of construction projects in the mining areas, including special rail lines, highways, and water and electric supply, was accelerated, and some construction projects were completed on schedule and handed over for operation.

Last year, our province curtailed a lot of metallurgical, engineering, and chemical industry projects as well as water conservancy projects which lacked conditions for construction at the present stage, and concentrated investments on construction of coal resource bases. The provincial coal front also made a rational adjustment of construction projects by cutting a lot of medium and small projects scheduled to begin. Emphasis was laid on startup and rounding-off projects and on continuation projects. This adjustment brought investments in these projects to 80 percent of the total provincial investment in coal mines. With investments concentrated, the mine production capacity being built reached 28.17 million tons last year, an increase of more than 9 million tons over 1979. In addition to four medium-size and large-size mines--Yanzishan in Datong, Xiqu in Gujiao, Liujiалиang in Xuangang, and Tuanshi in Huoxian--the newly constructed mines include seven local medium-size and small-size mines, among them Chengjiagou in Yangfanggou and Yonghong in southeastern Shanxi. Completion of these new mines will increase production capacity by 10.36 million tons. Simultaneously, arrangements have been made to transform and expand 79 old mines. Completion of these projects will increase production capacity by 17.21 million tons. Among those coal mines that are under the central distribution bureaus, after the transformation and expansion of six pairs of pits--the No 2 pits of the second and third Yangquan mines, Duerping and Ximeng in Xishan, Liuwan in Fenxi, and Wuyang in Luan--production capacity will be up respectively from 300,000-1.65 million tons to 1.2-3.6 million tons. After transformation and expansion of 50 pairs of local mines--Jiangjiawan, Qingciyao, Beiyuan, and Jushan--production capacity will be up from 300,000-450,000 to 450,000-600,000 tons. Proper arrangements were made for construction of public utilities projects in the mining areas, including railroads, highways, and water and electric supply.

In order to accelerate the progress of construction, coal mines made concrete arrangements for materials, equipment, and construction potential. While tapping their latent power, all of the units concerned broadened avenues to draw in a group of specialized contingents from capital construction engineering corps, railway corps, and provincial architectural engineering company as well as large numbers of civilian workers to solve the labor shortage problem. Working hard like pioneers, the broad masses of workers battling on the coal construction front braved heat and cold, strove to improve engineering quality, cut costs, and shortened the construction period, with the result that construction progress was greatly accelerated. By the end of last year, the Ximing mine expansion project in Xishan and the construction of the Tuanbo coal mine in Huoxian, the Chengjiagou mine in Yangjiakou, and the Yonghong coal mine in southeastern Shansi were handed over for operation on schedule. These projects resulted in a new increase of 1.65 million tons in production capacity. The shaft project for the Xiqu mine under construction in Gujiao was completed. Preparatory work was carried out for the Yanzishan mine in Datong, the Guishigou mine in Yangquan, and the Chengdi mine in Gujiaozhen, thereby laying the groundwork for construction. Construction progress was also accelerated in the case of six pairs of mines to be transformed and expanded at Duerping and Ximing in Xishan, Liuwan in Fenxi, and the No 2 pit of the Yangquan No 3 mine, as well as in the case of 50 pairs of local coal mines to be transformed and expanded. Construction of 12 special rail lines 50 km long in the Zhangcun mining area in Luan, the Xiqu mining area in Gujiao, the Luzigou mining area in Huairhenxian and the Yangfangkou mining area in Xinxian was basically completed last year. A total of 31 power transmission lines 132 km long and 9 transformer stations in the Datong and Huoxian mining areas were completed on schedule.

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## ENERGY

### GUIZHOU COAL BUREAU OFFICIAL DISCUSSES COAL DEVELOPMENT

Guangxi GUZHOU RIBAO in Chinese 12 Dec 80 p 1

[Article by Lo Mingxi [5012 2494 0823] of the Provincial Coal Bureau:  
"Fully Open Up and Exploit Our Province's Coal Resources"]

[Text] Coal is one of our important energy resources, constituting 70 percent of China's resources of energy. Our province is abundant in coal resources. Counties and municipalities with coal resources account for 77 percent of the total. Coal resources are widely distributed and are easy to open up. In addition, coal resources are of great variety and good quality. After 20 years of development and construction, our province's coal industry has laid a definite foundation, with the modern Liupanshan mining area built and a large group of local coal mines expanded and transformed. Output of coal in our province reaches more than 10 million tons a year. In addition to meeting the needs of our province, Guizhou can aid coal-deficient and coal-short fraternal provinces and prefectures with supplies of coal. Full display of this predominant position of coal will play an important part in developing Guizhou's economy and achieving the four modernizations. How can we fully utilize Guizhou's predominant position with regard to coal? It will be necessary to proceed from the realities of our province, carry out investigation and research, and work out policy decisions. Here are some preliminary opinions.

1. Speed up the adjustment of mining and tunneling operations and maintain a balance between mining and tunneling. Mining and tunneling operations are still not balanced in some coal mines of our province. This imbalance was covered up in the past by the imbalance in production, transportation and marketing. The situation regarding the direction of circulation and transportation has improved in some cases, but unless mining areas are built, production cannot catch up with demand. Thus, if we want to bring Guizhou's predominant coal position into full play, we must accelerate the adjustment of mining and tunneling operations in coal mines. Where mining is out of balance with tunneling, coal mines should strengthen leadership over their tunneling teams, add to their tunneling force, and adopt advanced techniques to increase tunneling efficiency. This should be done in order to accelerate the progress of development and extension projects and to reverse the situation in which tunneling falls behind mining. Replacement of pits, particularly old pits, must be given importance in order to maintain steady output.
2. Maintain a balance among production, transportation, and marketing. Coal is a bulky commodity. If it is overstocked, it will hinder reproduction. Besides, if it is kept over a long period of time, some coal will burn and deteriorate in quality.

causing unnecessary losses. For this reason, when drawing up production plans it is imperative to consider balance among production, transportation, and marketing. We should strengthen cooperation between the railroads and the mines, strive to tap the transport potential, arrange transport capacity rationally, and deliver coal to the consumers promptly. In drawing up coal mine development plans we should proceed with considerable investigation and research; scientifically forecast the demand for coal within and outside the province, the direction of circulation, and railroad transportation capacity; arrive at an overall balance; and propose rational programs and plans so as to achieve the best economic results. At the same time, we should strengthen cooperation between coal mines and powerplants, set up power-generating plants and coal-dressing plants in coal mining areas, digest medium-quality coal and coal of low calorific value on the spot, decrease the pressure on rail transportation, and use our limited transportation capacity to ship coal with a high economic value.

3. Improve the competitiveness of coal products. Although neighboring provinces and prefectures are deficient and short of coal in varying degrees, consumers will still choose the best coal products. They will choose coal products mainly according to whether the variety is right, whether the quality is good, how far it has to come from the mining areas, and whether the price is low. Conditions being what they are in our province, we should improve the competitiveness of our coal products mainly by improving the quality of products and improving transportation conditions. Coal quality can be improved mainly by cutting down the ash content and gangue rate. To do this it will be necessary to tighten quality control at each link of coal production; to extract, transport, stack, and load coal products separately; to sift the coal products; and to further reduce the ash content and gangue rate of raw coal and commodity coal.

4. Curb the waste of coal resources. Indiscriminate mining and extraction of coal in small coal mines assume serious proportions at the present moment, with the following harmful consequences: 1) Impaired production safety and an increased number of accidents. 2) "Picking rich coal and throwing away poor coal"--taking only lumps of coal and not broken coal; of every 100 tons of reserves, only about 40 tons are extracted. 3) Transportation difficulties and lack of marketing outlets; manpower, material resources, and natural resources are thus wasted. 4) In some cases, development of state mines is seriously jeopardized. In order to protect coal resources, brigade-commune small coal mines should be operated on the principle of producing for their own use and marketing coal products on the spot. Indiscriminate development should be curbed, lest material and natural resources are wasted. Those small coal mines which have good prospects for development and are charged with the task of shipping coal to other localities should be given proper aid or operated jointly. Private operation of small coal mines should be banned.

5. Organize coal exports. Guizhou's coal resources have attracted the attention of some Southeast Asian nations. A number of foreign businessmen have approached our province through different channels and buy quantities of coal from our province. In the past, restricted by the foreign trade system, the coal departments and large coal mines were unable to handle foreign trade directly. But along with the gradual restructuring of the foreign trade system, coal exports should be vigorously organized, after fulfilling the targets of coal deliveries to the higher level and meeting local needs. It is proposed that the provincial government set up a Guizhou coal export company within the coal department.

In short, if we want to bring our province's predominant coal position into full play, the coal department and its enterprises should make great efforts. But the efforts of coal mines alone are not enough. Support from the higher leading organs and cooperation from the departments concerned are called for, so that good economic results can be achieved.

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ENERGY

## EMULSIFICATION TECHNOLOGY APPLIED TO STEELMAKING

Beijing GUANGMING RIBAO in Chinese 18 Jan 81 p 2

[Text] Emulsification is a technical method for reducing energy consumption and conserving fuel. To investigate the possibility of applying emulsification to steelmaking in open-hearth furnaces and its economic advantages, a joint effort was undertaken by the Acoustics Institute of the Chinese Academy of Sciences, the Tianjin Steel Works, the Northeast Engineering College, and the Beijing Institute of Iron and Steel. After a 4-year experimental investigation, the emulsification technique has been successfully applied to steelmaking in open-hearth furnaces for the first time in China. In the burning of crude oil and mazut, a mixture of 7 to 8 percent water is achieved to save 6.5 to 9 percent of the oil. This technique has now passed the qualification test.

In the emulsification technique, the oil and water mixture liquid is ejected from the narrow slit of a specially made ultrasonic emulsifier. As the sheet of liquid is ejected from the emulsifier nozzle, the oscillation of the liquid strongly resonates with the reed of the nozzle. Under the action of ultrasonic energy, the liquid mixture is gasified and produces emulsified oil. The outer layer of the emulsified droplet is oil, and the interior is a small droplet of water. As the emulsified oil burns in the bosh, the water droplet evaporates under the heat, and the small explosion causes the oil film to atomize; this is the so-called secondary atomization. This process helps the oil to burn more completely and leads to reduced oil consumption and less atmospheric pollution.

This technique was accomplished in a short period of time with modest investment. Its large effect on oil conservation makes it highly practical. If this method is applied to all open-hearth furnaces in China, the annual savings in fuel oil will be 70,000-90,000 tons; moreover, it will also be beneficial for environmental protection.

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## ENERGY

### BELJING RAILROAD BUREAU SAVES COAL, POWER

Beijing BEIJING RIBAO in Chinese 16 Jan 81 p 1

[Article by Ai Zhenyuan [5337 2182 6678]: "Beijing Railroad Bureau Saved 120,000 Tons of Coal and 4.76 Million kwh of Electricity Last Year"]

[Text] In carrying out the policy of putting national economic readjustment on a solid basis, the Beijing Railroad Bureau has led its employees in the implementation of the fine tradition of hard work and conservation and has created a new record in conserving coal, oil, and electricity by searching for wasteful loopholes, keeping careful records, cutting down on waste, and digging into potential resources. Last year, the bureau saved more than 108,700 tons of locomotive coal and 10,800 tons of diesel locomotive fuel, equivalent to 217.5 percent and 270.7 percent, respectively, of the annual targets. The bureau also saved 8,300 tons of production coal (138.3 percent of the annual target), 6,200 tons of subsistence coal (124.9 percent of the annual target), and 4.76 million kilowatt-hours of electricity (183 percent of the annual target).

The Beijing Railroad Bureau has a large number of locomotives with steam engines, internal combustion engines, and electrical motors. It also has a large number of large and small fireboxes. The bureau is a big energy consumer and a "must-protect" consumer of the nation. But the bureau has not been negligent in its energy conservation efforts. Especially since last year, facing the difficult situation whereby the development and growth of national energy resources cannot meet the demand of actual energy needs, the Beijing railroad people have stepped up their energy conservation efforts. In educating their employees to rid themselves of such incorrect thoughts as "We have saved all the energy we can possibly save and have developed all our potential resources," everyone has conscientiously shared the nation's difficulties and further contributed to conserving energy. Moreover, they adopted solid and effective energy-saving measures. For example, they improved the quality of locomotive inspection and maintenance, and made continuous improvements in the thermodynamic conditions of the locomotives by carrying out engine-by-engine tests for thermal insulation and leakage so as to prevent oil, steam, and water leaks. The management of coal, oil, electricity and water has been strengthened; the quality of the four "receive, manage, distribute, and use"

stages is now tightly controlled. Energy conservation was made a major item in economic accounting by rigorously implementing specified supply, metrological statistics and the conservation evaluation reward system. In the meantime, activities were initiated to find and stop waste. A meter system was implemented in the electrical and water departments of the bureau, and water meters and electrical meters were widely installed to stop the practice of "the large horse pulling the small wagon" and "eating out of the big pot." Other examples include strengthened technical training for locomotive engineers and firemen, and training in firefighting.

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## ENERGY

### HUABEI OILFIELD READJUSTS WITH GOOD RESULTS

Shijianzhuang HEIBEI RIBAO in Chinese 10 Jan 81 p 1

[Article by Wang Xinghong [3769 5381 1347]: "Huabei Oilfield Obtains Good Economic Results in Carrying Out Readjustment Policy"]

[Text] By thoroughly carrying out the policies of national economic readjustment and by doing things pragmatically, scientifically, and commensurate with their capacity, the Huabei oilfield [personnel] reached all the production targets last year and turned in 705 million yuan of profit.

#### New Achievements in Geological Surveying

Due to the excessive extraction rate over the past few years, Huabei oilfield is suffering from an unbalanced ratio of reserves to production and is becoming passive because of the lack of new oilfields. In order to change this, pragmatic studies were made of the interdependence of the human and material issues and the dialectic relationship between the objective and subjective aspects of the situation. In the process of achieving breakthroughs in the search for oil, they organized their manpower and concentrated on the most promising findings. In 1980, four laboratories for technical research on oil production were added, and six new laboratories were built and put into use. Also in 1980, 927 pieces of major precision apparatus in 148 categories were purchased. The drilling teams established rigorous operating procedures; modified various technical methods, including management and use of the mud, the drilling rig, and the drilling head; and serialized and standardized their procedures. Frontline command posts were set up in two concentrated drilling areas, and leading cadres and technical cadres directed the operations onsite. Due to their sensible planning and proper direction, a number of wells in three tectonic belts yielded industrial oil flow, and the oil-containing areas of two tectonic belts were enlarged. The increase in geological reserves has reached 30 million tons. Moreover, one depression in the zone survey was revealed to have oil-producing capability.

#### Old Oilfields Readjust With Good Results

In dealing with the problem whereby our nation needs oil but the production of old oilfields cannot be reduced right away, a solution was arrived to "fine-carve

Guqian Mountain." Investigation into oilfield activity and the structure of the reserve stratum has been strengthened over the past year. Two underground surveys were carried out; 62 adjustment wells and 52 producing wells were drilled in the old oilfield, and daily production was increased by 4,300 tons. Seven water injection wells were put into operation, with an increase of 4.177 cubic meters of injected water; 643 well-times of onsite operations were performed, and the increase in production was 450,000 tons in 1 year. To date there has been pressure recovery in 12 of the 44 developing strata. Particularly at the Wumishan major oil reserve at Renqiu, the stratum pressure has increased by 5.6 atmospheres and the self-ejection ability is maintained.

#### Personnel Training Receive Proper Attention

In this oilfield, workers are expected to endure hardships, work creatively, and make sacrifices for oil production. In the meantime, research on professional and talent development is also being emphasized. To be able to efficiently develop oil resources, human resources need to be developed as well. In the past year they first put the entire staff into training programs and emphasized the development of staff on important production posts. Secondly, they improved the organization of the workforce, using the "three out of five shift" scheme to ensure the proper training of production workers. Thirdly, a number of onsite training and practice activities were initiated, based on the nature of production. Fourthly, after-hours schools were revitalized and night school cultural education was widely promoted. In 1 year they conducted 604 training workshops and trained more than 20,000 workers, or about 30 percent of the total number of employees. To improve the technological aptitude of the technical staff, they conducted 12 specialty training classes on topics like computer and mathematical geology; 234 man-times of such technical training were provided, and 152 persons were assigned to higher education institutes and scientific research units for advanced study. In 1980 they made 893 achievements in scientific research and technical innovation, of which, 357 have been applied to production. Some of these accomplishments have served to fill the void of technical research in China, and others have reached international standards.

#### Staff Benefits Gradually Established

In the past few years, along with the great efforts that have been put into development of production, Hubei oilfield [personnel], commensurate with their ability, have also built staff benefit and welfare facilities. To improve the living conditions of the employees, 1,023,000 square meters of dependent living quarters have been constructed and new homes have been provided for more than 18,500 families. Most of the dependent housing is equipped with liquified natural gas, heating facilities, and water supply. Also, 41 production bases have been established where employee dependents have planted 3,300 mu of crops and harvested 4,160 jin of food. Currently, more than 2,200 agriculture household dependents and children are better than self-sufficient in food. The living conditions of the drilling and field construction units have been improved, and 5,280 mobile trailers have been provided for the field teams. For the drilling teams, 6,000 electric fans and 166 refrigerators

have been provided, and the trailers have basically been furnished with showers, modular kitchens, and television sets. A total of 47 high schools and elementary schools, 6 technical schools, 1 vocational high school, 1 college, and 17 training bases have been built. Some 37,200 students have attended these schools. Construction has also been completed on 77 nurseries, 1 central hospital, and 92 clinics staffed by 1,829 medical personnel. On average, there is 1 medical staff person for every 30 workers.

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BRIEFS

**HUNAN ENERGY CONSERVATION MEETING**--The Hunan Provincial Economic and Planning Commissions recently held a joint meeting on energy conservation. The meeting urged all concerned departments, factories, mines and enterprises in Hunan to fulfill the task set forth by the state to save 3 percent electricity, 4 percent coal and 5 percent oil. The provincial commissions conferred the title of advanced unit in energy conservation to 24 units and commended 53 units for saving energy. This year, Hunan has been experiencing a rather serious shortage of coal, electricity and oil. In order to ensure 4 percent industrial and agricultural growth this year, it is necessary to go all out to conserve energy. [Changsha Hunan Provincial Service in Mandarin 2315 GMT 17 Mar 81]

**SOLAR ENERGY KIT**--The silicon and solar-energy battery kit produced by Shanghai's (Xinhua) lighting equipment factory has proved to be a new energy source, both convenient and efficient, for the people working on Nei Mongol grasslands, Heilongjiang agricultural and livestock breeding farms and Guangxi mountain areas. The factory began its research in producing the kit in 1974. It is a device of semiconductor elements capable of converting solar energy into electric power. In the past 5 years the factory has produced 21 varieties of 9 categories of such devices, which are being used by more than 40 units in 21 provinces and municipalities. The total capacity of the devices in use has reached over 9,300 watts. The cost per watt has been reduced from 300 to around 90 yuan. [Shanghai City Service in Mandarin 2300 GMT 20 Mar 81]

**LIAONING MUNICIPALITY ENERGY CONSERVATION**--Dalian Municipality, Liaoning, from early 1980 to the end of February 1981 saved 10 million kWh of electricity, 10,000 tons of heavy oil and 30,000 tons of coal. [SK231057 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 22 Mar 81]

**LIAONING COAL PRODUCTION CONFERENCE**--Liaoning Province held a work conference on coal production in Fuxin Municipality from 23 to 30 March. Attending the conference were Gao Yangwen, minister of the coal industry; Xu Zailian, vice minister of the coal industry; and Shen Yue, secretary of the Liaoning Provincial CCP Committee. They also addressed the conference. Also attending the conference were comrades from various mining administrative bureaus, coal mines and departments concerned. The conference's purpose is to implement the spirit of the CCP Central Committee's work conference and the tasks adopted at the National Work Conference on the coal industry and to enact this year's production plans. The 1981 raw coal output plan is 32.2 million tons, of which 28 million tons will be distributed under the unified state plan. The conference contended that the provincial coal industry front should take readjustment as a central task and exert equal efforts in conducting readjustment and engaging in production to achieve progress in both at the same time. [SK310828 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 30 Mar 81]

DOMESTIC TRADE

BRIEFS

**QIQIHAO COMMODITY SUPPLIES**--Qiqihar Municipality recently decided to control organizations to buy high-quality consumer goods and commodities in short supply so as to control their purchasing power. It plans to cut expenditures for buying such goods in the first quarter of 1981 by 73 percent compared to the corresponding 1980 period. Organizations are not permitted to buy motor vehicles, sofas, carpets, spring beds, tape recorders, radios, cameras and record players without the approval of departments concerned. [SK180940 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 17 Mar 81]

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## FOREIGN TRADE

### SECOND IMPORT-EXPORT WORK CONFERENCE HELD IN SHANXI

Taiyuan SHANXI RIBAO in Chinese 15 Feb 81 p 1

[Article by SHANXI RIBAO commentator: "Second Import-Export Work Conference Held in Shanxi"]

[Text] The second provincial import-export work conference was recently held in Taiyuan. The conference transmitted and implemented the decision made at the second national import-export work conference, and arranged Shanxi's import-export tasks for the current year.

The conference pointed out that to carry out economic readjustment and achieve political stability is the only correct economic policy for our country and must be resolutely carried out. In restructuring the foreign trade system, it is necessary to place the economic entity in enterprises and combinations to enterprises, to integrate industry with trade and to carry out experiments vigorously. Party committees and governments at all levels should strengthen their leadership and act according to the document issued by the provincial party committee at the time of setting up the import-export committees. Each administrative office or municipality should assign a deputy commissioner or a deputy mayor to take charge of imports, exports and economic work related to foreign trade, strengthen political and ideological work, unite as one in handling foreign trade and carry out good import-export work for our province.

The conference affirmed the great achievements scored in Shanxi import-export work since the Third Plenum of the 11th Party Central Committee. In the new year, Shanxi should resolutely implement the policy of carrying out economic readjustment and stabilizing the economy and adhere to the principle of taking a common stand in handling foreign trade. It should seriously implement policies and measures to encourage exports; pay attention to construction of bases and special plants for turning out export commodities; vigorously increase production of commodities that find a good market, cost less, have quick returns and earn more foreign exchange; and strive to fulfill and overfulfill the purchase and export targets for the current year. At the same time, Shanxi should strengthen management of imports and foreign exchange and carry out the active and steady development of imports. The commodity inspection department, the foreign trade department and the Taiyuan branch of the People's Bank of China should serve the goal of economic readjustment and fulfill their tasks. All units under the import-export committees should strengthen business accounting, improve their administration and management, strive to increase their income and cut down their expenditure, and accumulate more funds for the state.

The comrades present at the conference expressed their determination to serve the goal of economic readjustment and stability and the foreign trade policy, improve the color, design, standards and quality of products, at the same time giving attention to commodity production, purchase and export and increasing the quantity of commodities. They will improve packing and products, emphasize good quality, earn more foreign exchange for the state and make new contributions to readjustment of the national economy.

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## FOREIGN TRADE

## BRIEFS

FRG CARGO VESSEL ORDER--A contract for three 4,400-ton oceangoing multipurpose cargo vessels ordered by the Shulz-Kelaiemeisen [0344 5490 2734 2773] Shipping Company of West Germany from the China Shipping Industry Company was signed in Beijing on 21 January. Vice general manager Wu Runting [0702 3380 0080], who signed the contract on behalf of the China Shipping Industry Company, described it as the first contract China has ever signed for selling medium-sized and small cargo vessels to West Germany, or to any European or Western nation. The three vessels were built by the Shanghai China Shipyard. [Text] [Beijing RENMIN RIBAO in Chinese 22 Jan 81 p 1] 9780

JAPANESE-MADE HYDROCRACKER FOR WUHAN--Recently, the Wuhan branch of the Motor Transportation Company under the Ministry of Communications safely moved to its destination a 374-ton Japanese-made hydrocracker from the Nanjing Oil Refinery. It was the first time in our country that heavy equipment of this size has been transported on the highway. The weight of this equipment, which is 27 meters long, nearly 4 meters wide and more than 4 meters high is equivalent to the total loading capacity of 93 "liberation" trucks. The hydrocracker was shipped by the Salvage Bureau of the Ministry of Communications by water to the Gangchi wharf at Xixiashan in Nanjing and then by the branch of the Wuhan Motor Transportation Company to the construction site. The distance, while only 4 kilometers long, has numerous bends and bridges. This company fully exploited the special features of large flat cars: small turn radius, strong capacity for climbing slopes, elevation efficiency, effective control over steering, and adaptability to existing highways and bridges. The huge structure was finally shipped to its destination. [Text] [Wuhan HUBEI RIBAO in Chinese 8 Jan 81 p 1] 9780

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GENERAL

BRIEFS

GUANGDONG TRADE FAIR CIRCULAR--On 13 March, the Guangdong Provincial People's Government issued a circular which demanded that the various areas strictly prohibit their personnel from traveling to Guangzhou during the spring trade fair. The circular pointed out that from 10 April to mid-May, the units subordinate to the provincial level and Guangzhou and the central authorities' units stationed in Guangzhou should refrain from holding any conferences in Guangzhou. At the same time, representatives from other areas who wish to hold conferences in other areas should try not to pass through Guangzhou. Other tourist groups should also try not to pass through Guangzhou. [HK260313 Guangzhou Guangdong Provincial Service in Mandarin 2345 GMT 19 Mar 81]

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